

**GUIDELINES FOR MANAGING
EXECUTIVE DIRECTIVE NO. 04-353
In-Grade Pay Increases
Updated January 25, 2005**

In-grade pay increases offer appointing authorities the option to move classified regular employees in the Executive Branch from one step to another step on the same pay grade. Such increases may be permanent or temporary, depending on the reason for the action. The criteria for in-grade pay increases are described below.

These guidelines are authorized by Executive Directive No. 04-353, effective July 4, 2004. While these are guidelines, the "Required Clearance Actions" described at the end of this document are mandatory.

RATIONALE AND DURATION

Permanent in-grade pay increases may be provided when one or more of the following criteria are met to:

- Correct pay inequities that could result from any number of circumstances. As an example -- the need to adjust the salary of a long-term and productive employee who has seen newer employees appointed to a higher step because of "exceptional qualifications," promotional policies, or voluntary demotions.
- Counter a documented offer by another employer when they offer a valued employee an increase in pay. This "competition" would not include another State of Kansas agency that offers a legitimate promotional opportunity.
- Retain a valued employee who would otherwise retire.
- Adjust salaries to, or close to, "market" without the need for a protracted study. (These adjustments should only be considered when there is compelling need and when the number of affected employees is small. Formal classification and salary study action is more appropriate in those instances in which an agency believes salary adjustment is needed for a large number of employees.)
- Compensate an employee for obtaining a license, certification, or other type of credential critical to the agency's operation. Such instances should be rare and not constitute any type of bonus program.
- Compensate an employee for stepping up to more challenging responsibilities without having to reallocate to a higher class or create a new level of classification when one does not currently exist. This is **not** pay for performance -- it is pay for managing more responsibilities or such as filling in a vacant position or more complex and demanding responsibilities.

Temporary in-grade pay increases may be provided when one or more of the following criteria are met to:

- Compensate an employee for temporarily stepping up to more challenging responsibilities without have to temporarily reallocate to a higher class or make an acting assignment. Again, this is **not** pay for performance; it is pay for managing more responsibilities or more complex and demanding responsibilities.
- Compensate for conditions of employment that may create a hardship for an employee, such as travel.
- Provide geographic or language pay differentials.

A temporary in-grade pay increase is not to be granted for a period of less than two pay periods. Notice to the employee is required if the increase is to be temporary. Such notice should clearly spell out the circumstances for which the temporary increase is being provided and must include the duration of the temporary increase and explain that the employee will be returned to his or her former step once the temporary circumstances are over.

A temporary in-grade increase may be extended or changed to a permanent increase when circumstances change and the agency has submitted and received approval for the action. Submit these requests in the same format as the temporary in-grade pay increase. When a temporary increase is extended or changes to a permanent increase, the action/reason code must be changed in accordance with the procedures provided in the SHARP instructions section of these guidelines.

For the purposes of step movement, time spent on a higher step for a temporary in-grade pay increase shall count toward the time-on-step requirements of the step from which the employee is moved.

Return From Temporary Increase

If an employee changes positions for any reason, an agency must return the employee to the salary step the employee was on prior to the temporary increase unless:

- Across-the-board salary step movement was authorized during the term of the temporary increase, in which case the employee would be placed at the appropriate salary step based on time-on-step requirements; or
- The agency seeks and receives approval for another separate in-grade pay increase action (either permanent or temporary) based on the circumstance of the position to which the employee is moved.

If neither of the two conditions above apply, the employee must be returned to his or her prior step and then, as appropriate:

- Be retained at that salary level if the move is a transfer.
- Have his or her salary increased in accordance with K.A.R. 1-5-13 if the move is a promotion.

- Retain or have his or her salary decreased in accordance with K.A.R. 1-5-15 if the move is a demotion.

If a classification salary study action results in a change in the pay grade for any employee receiving a temporary in-grade increase, the conditions for the in-grade increase must be revisited/reconsidered.

TRANSFERS

An in-grade pay increase should only be given to an employee who is being transferred (i.e. moved to another position in the same or similar job classification on the same pay grade as the employee's current position) when:

- The transfer (within the same agency or to a different agency) requires an employee to move his/her residence and, without an increase in pay, the employee would lose money
- The transfer is within the same agency/umbrella department and, even though the work could officially (by classification standards) be considered to be the same, the agency places a premium on the work/position to which the employee is being transferred.

NOTE -- The ability to provide an increase in pay to an employee being transferred is the subject of a proposed amendment to the regulations. The circumstances and limitations provided by these guidelines are consistent with the changes being proposed in regulation.

LIMITATIONS

In-grade pay increases **are not** to be used for:

- Pay for performance.
- Bonuses or awards, since these are one-time issues and in-grade increases affect an employee's rate of pay.
- Where classification and compensation study action is more appropriate.

No employee is to be moved to a dollar amount beyond step 15 of the pay grade to which the employee's position is currently assigned.

It is anticipated that the number of in-grade pay increases will be limited.

The effective date will be the first date of the pay period in which the request is received or a future pay period as requested by the agency. In extenuating circumstances, retroactive requests may be approved when justified.

FUNDING

In-grade pay increases are to be funded within an agency's existing budget. Examples of how agencies could pay for these increases include:

- Leaving positions open, or eliminating positions, as they become vacant.
- Downgrading vacant positions.
- Using monies saved by filling vacant positions at a lower salary step, paying less than what was paid to previous incumbents.

An agency will need to prioritize the increases it gives if the total dollars needed for those increases exceed the agency's current budget resources.

GRIEVABLE ITEM

Any employee who feels he or she has been disadvantaged by not receiving an in-grade pay increase when others do, or by not receiving a comparable increase when circumstances are comparable, may file a grievance within the agency to obtain an appropriate hearing and response.

SHARP INSTRUCTIONS

Agencies are to enter in-grade pay increases in SHARP by adding a new row in Job Data with the effective date of the pay increase.

1) **Permanent in-grade pay increase** Use the following action/reason code:

PAY/IPI – Pay Rate Change/In-Grade Pay Increase

2) **Temporary in-grade pay increase** Use the following action/reason code:

DTA/IPT - Data Change/Temporary In-Grade Pay Increase

3) **Return from temporary in-grade pay increase** Use the following action/reason code:

DTA/IPR - Data Change/Return from Temporary In-Grade Pay Increase

See instructions in the section above entitled Return From Temporary Increase.

4) **Extend temporary in-grade pay increase use the following action/reason code:**

DTA/IPX - Data Change/Extend Temporary In-Grade Pay Increase

5) **Change temporary in-grade pay increase to permanent in-grade pay increase use the following action/reason code**

DTA/IPP - Data Change/Change Temporary In-Grade Pay Increase to Permanent

Agencies must manually adjust the time on step to include the time spent on the temporary in-grade pay increase.

6) **Transfer In-grade pay increases** Use the following action/reason code:

XFR/ERI - Transfer/Employer Request with In-Grade Pay Increase

REQUIRED CLEARANCE ACTIONS

Until further notice, agencies must receive approval from the Division of Budget and the Division of Personnel Services prior to providing an in-grade pay increase. Requests are to be submitted to the Division of Personnel Services. The preferred method of transmittal of requests is electronic via the Internet. A form for Internet transmittal is provided at http://da.state.ks.us/ps/draft/resources/rc_home_pg.htm . This form may be filled out and submitted online or may be downloaded and submitted to DPS. Mail or Fax forms to :

State of Kansas
Division of Personnel Services
ATTN: Compensation and Classification
900 SW Jackson St., Rm 920
Topeka, KS 66612-1251
Fax: 785-296-0756

All requests must:

- **Indicate if position reallocation has been eliminated as an alternative.**
- Explain the type of in-grade increase requested.
- Explain the agency's plan to ensure its action is budget neutral (for the current and future fiscal years)
- Provide a clear explanation of the agency's reason(s) for seeking an in-grade pay increase.
- **Identify annual cost savings (when a cost savings is realized)**
- Include the individual's employee ID number & name.
- **Indicate if the position is represented by a PERB unit.**

Agencies must resubmit a request when extending a temporary in-grade increase or changing a temporary in-grade increase to a permanent in-grade increase.

The Division of Personnel Services will notify agencies of decisions on their requests.

COORDINATION

The Division of Budget and the Division of Personnel Services will coordinate on the accounting and periodic reporting of all in-grade pay increases authorized. Responses to requests will be sent to agencies from the Division of Personnel Services.

UPDATES

As necessary, the Division of Personnel Services will update these guidelines to notify agencies of additional qualifying circumstances or other changes related to the management of this capability.


Jack Rickerson, Director

1/25/05

Date

Approved	Denied

REQUEST FOR IN-GRADE PAY INCREASE

Agency Name _____ Number _____

Agency Contact _____ Phone _____

EMPLOYEE INFORMATION

Employee Name _____ Employee ID # _____

Position # _____ Job Title _____

PERB Unit Represented ? Yes ___ No ___ Reallocation Option Reviewed? Yes ___ No ___

Pay Grade _____ Current Step _____ Current Rate of Pay _____

Requested Step _____ Requested Rate of Pay _____

Type of Increase _____ Requested Effective Date _____
(Permanent, Temporary, Extend Temporary, Change Temporary to Permanent, Transfer)

End Date if Temporary Increase _____

Estimated Annual Cost Savings _____

Please provide a clear explanation of the reason(s) for the in-grade pay increase, attaching additional explanation/justification if necessary. (Pay inequity, Counter-offer, Market Adjustment, Licensure, Responsibility change, Employment Condition, Geographic or Language Differential, Retirement adjustment)

How is this increase budget neutral for current and future fiscal years?

APPROVED BY:

Appointing Authority _____ Date _____

Division of the Budget _____ Date _____

Division of Personnel Services _____ Date _____